

Message Text

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PAGE 01 THE HA 01220 151131 Z

14

ACTION TRSE-00

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-09 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 IO-12 L-03 H-02 PA-03 PRS-01 USIA-12 GAC-01

SAJ-01 RSR-01 (ADP) W

----- 060941

R 151055 Z MAR 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 894

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

AMEMBASSY TOKYO

C O N F I D E N T I A L THE HAGUE 1220

PASS TREASURY AND FRB

BONN FOR SECRETARY SHULTZ

E. O. 11652: GDS

TAGS: EFIN, NL

SUBJECT: DUTCH POSTURE IN MARCH 16 G-10 MEETING

REF: HAGUE 1197

1. IN CONVERSATION WITH ECON COUNSELOR MARCH 14 DUTCH TREASURER
GENERAL OORT OUTLINED DUTCH DESIDERATA FOR FRIDAY'S G-10 MEETING.
HE SAID THAT MARCH 9 MEETING HAD BEEN COMPLETELY USELESS AND
HOPED, WITHOUT MUCH OPTIMISM, THAT MORE WOULD BE ACCOMPLISHED
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PAGE 02 THE HA 01220 151131 Z

AT NEXT MEETING.

2. OTIMUM DUTCH DESIDERATA IN TERMS OF US CONCESSIONS WOULD BE:

A. A TIGHTER DOMESTIC MONETARY POLICY.

B. MAINTENANCE AND IF POSSIBLE EXPANSION OF CONTROLS ON CAPITAL EXPORTS.

C. AN EXPRESSION OF WILLINGNESS TO INTERVENE IN SUPPORT OF DOLLAR THROUGH SWAP OR OTHER FINANCES.

D. ENCOURAGE FURTHER FOREIGN CENTRAL BANK INVESTMENT OF DOLLARS IN US TREASURY SECURITIES BY GIVING CREDIBLE GUARANTEE OF COMVERTIBILITY.

3. OORT CONSIDERED THAT DESIDERATA A AND B ARE HIGHLY UNLIKELY TO BE CONCEDED BY USG IN LIGHT OF CURRENT POLICY BUT HE HOPED THAT WE WOULD SHOW SOME FLEXIBILITY ON C AND D.

4. OORT ALSO EXPRESSED HOPE THAT US WOULD SUPPORT EUROPE IN " ALL OUT" CAMPAIGN TO GET JAPANESE TO PERMIT YEN TO FLOAT MORE FREELY.

5. OORT CONFIRMED THAT EC JOINT FLOAT WILL BE A DIRTY ONE AND THAT DUTCH WILL ANNOUNCE ADDITIONAL CAPITAL IMPORT DETERRENTS BEFORE FRIDAY' S MEETING (REFTEL). HE EXPRESSED HIS PERSONAL VIEW HOWEVER THAT IN FIRST FEW WEEKS AFTER MARKETS REOPEN, FLOATING PARTNERS SHOULD AGREE TO LET DOLLAR FIND ITS OWN LEVEL BEFORE ATTEMPTING TO INTERVENE. HOWEVER HE ADDED THAT FRENCH ARE APPARENTLY STILL DETERMINED NOT TO PERMIT SUBSTANTIAL UPWARD FLOATING OF FRANC. AS PARTING SHOT OORT COMPLAINED OF US INCONSISTENCY IN ACKNOWLEDGING PUBLICLY THAT THE PRESENT EXCHANGE RATE STRUCTURE IS THE CORRECT ONE AND AT SAME TIME REFUSING TO TAKE ANY ACTION OF ITS OWN TO DEFEND THAT STRUCTURE.
MIDDENDORF

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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30 JUN 2005

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